

## Finance and Budget Team: Analysis of Potential Relief Measures

FY 23 Property Tax Relief Measures: Five-Year Impact (City Revenue)				
Revenue/Relief Measures	Admin Proposal - \$65k Homestead + Wage Tax Reduction	\$65K Homestead	\$75K Homestead	\$90K Homestead
2023 Assessment Increases	\$457,446,000	\$457,446,000	\$457,446,000	\$457,446,000
*LOOP Cap Increase	-\$25,000,000	-\$51,000,000	-\$51,000,000	-\$51,000,000
**Homestead Increase	-\$136,684,000	-\$136,684,000	-\$205,026,500	-\$307,539,000
***Wage Tax Reduction	-\$257,575,000	\$0	\$0	\$0
****Increased Outreach/Enrollment	-\$39,200,000	-\$39,200,000	-\$39,200,000	-\$39,200,000
<b>Total Impact of Tax Relief Measures</b>	<b>-\$458,459,000</b>	<b>-\$226,884,000</b>	<b>-\$295,226,500</b>	<b>-\$397,739,000</b>
<b>Revenue Available For Other Uses</b>	<b>-\$1,013,000</b>	<b>\$230,562,000</b>	<b>\$162,219,500</b>	<b>\$59,707,000</b>

\* Estimated increase in LOOP Cap for additional eligible properties resulting from the 2023 reassessment. Admin is proposing \$5 million annual increase.

\*\* Each \$5,000 increase in Homestead reduces City revenue by \$34 million over five years (\$6.8m annually)

\*\*\*Admin Proposal would reduce the Resident Wage Tax rate to 3.7% and the Non-Resident rate to 3.4%

\*\*\*\* \$6.7 million in expenditures for enrollment outreach, plus an additional \$32.5 million in Senior Tax Freeze relief

FY23-27 General Fund Balance Projections							
	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Q2 Projections</b>							
Budget Proposal	\$ 298,542	\$ 234,691	\$ 152,795	\$ 152,455	\$ 262,550	\$ 65,619	\$ 60,046
<b>Updated Q3 Projections</b>							
No Legislative Action	\$ 298,542	\$ 389,925	\$ 412,378	\$ 506,754	\$ 701,155	\$ 590,355	\$ 672,727
<b>Current Admin Proposal: \$65k Homestead, Wage Tax Reductions</b>	\$ 298,542	\$ 389,925	\$ 354,066	\$ 352,164	\$ 447,760	\$ 235,688	\$ 214,267

### Homestead Value

The current homestead exemption, which can lower a property's assessed value by \$45,000, saves property owners up to \$629/annually and \$52/month. The below table shows the increased savings for homeowners with a \$65,000, \$75,000, and \$90,000 Homestead Exemption. This assumes the real estate tax rate of 1.3998%.

	Value of Homestead Exemption	
	Annual Savings	Monthly Savings
<b>\$45,000</b>	\$629.91	\$52.49
<b>\$65,000</b>	\$909.87	\$75.82
<b>\$75,000</b>	\$1,049.85	\$87.49
<b>\$90,000</b>	\$1,259.82	\$104.99

## LOOP Expansion

As of FY22, the current total program cap is \$25 million. If more than \$25 million in assistance is requested and approved, the discount for homeowners decreases proportionally. **The administration has proposed to increase the LOOP cap from \$25 million to \$30 million.** According to the 2023 assessment data, there are approximately 35,000 owner occupied properties which increased 50%+ from 2022 to 2023 and have a sales date greater than ten years in the past. These properties may be eligible for LOOP. **If all potentially eligible properties enrolled in LOOP, the LOOP cap would need to be increased by \$10.2 million per year with a cost of \$51 million over the Five-Year-Plan.**

## Wage Tax Cost

	Resident	Non-Resident
FY22	3.8398%	3.4481%
FY23	3.80%	3.44%
FY24	3.70%	3.44%
FY25	3.70%	3.44%
FY26	3.70%	3.44%
FY27	3.70%	3.44%

	Cost of Wage Tax Reductions (000s)		
	Resident	Non-Resident	Total
FY23	\$ (14,865)	\$ (1,909)	\$ (16,775)
FY24	\$ (54,449)	\$ (1,993)	\$ (56,442)
FY25	\$ (56,884)	\$ (2,083)	\$ (58,967)
FY26	\$ (59,264)	\$ (2,171)	\$ (61,435)
FY27	\$ (61,695)	\$ (2,261)	\$ (63,956)
<b>Total</b>	<b>\$ (247,157)</b>	<b>\$ (10,418)</b>	<b>\$ (257,575)</b>